

ranked India at 134th position amongst 175 world economies on the ease of doing business.

(b) and (c) The report also, *interalia*, states that India is amongst the countries where it is most difficult to enforce a contract -and to fire employees.

(d) Although the findings, interpretations and conclusions expressed in the report do not reflect the views of Government of India, procedural simplification and removal of bottlenecks for business is an ongoing process, which the Government is addressing continuously through its various policies and programmes.

### **Suicide by farmers**

†607. DR. PRABHA THAKUR.

SHRI JAI PARKASH AGGARWAL:

Will the Minister of FINANCE be pleased to state:

(a) whether the main reason behind the suicides by the farmers in the country is their inability to pay the loans;

(b) whether Government propose to make bank loans free of interest to bail out such indebted and needy farmers from the clutches of committing suicides in famine affected areas and in those areas where the agriculture production is affected by other reasons; and

(c) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir. The reasons behind the suicides by the farmers are many. Excessive borrowing from formal and non-formal sources, social tension, continuous drought affecting the yield and their income, emerging changes in social milieu and alienation of the individuals from family and society are some of the major reasons reported, for the distress situation of the farmers leading to suicide.

(b) and (c) There is no proposal to make bank loans free of interest as this will affect the viability and stability of the banks. However, to address the issue of farmer's distress, the Govt. of India has announced a rehabilitation package in the identified 31 debt stressed districts of Andhra Pradesh, Karnataka, Kerala and Maharashtra. The package provides for:—

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†Original notice of the question was received in Hindi.

(i) The entire interest on overdue loans as on July 01, 2006 will be waived in all the affected districts and all farmers will have no past interest burden as on that date, so that they will immediately be eligible for fresh loans from the banking system.

(ii) The overdue loans of the farmers as on July 01, 2006 will be rescheduled over a period of 3-5 years with a one-year moratorium.

(Hi) A credit flow of Rs. 13,817.78 crore, Rs. 3076.20 crore, Rs. 1,945.07 crore and Rs. 1275 crores will be ensured in the above debt stressed districts of Andhra Pradesh, Karnataka, Kerala and Maharashtra respectively in 2006-07.

### **Outsourcing in core banking in rural areas**

608. SHRI VIJAY J. DARDA: Will the Minister of FINANCE be pleased to state:

(a) whether Government are considering outsourcing in core banking in rural areas; if so, the details thereof;

(b) whether Government propose to introduce the system of Direct Sales Agents (DSAs) throughout rural areas like Uttaranchal;

(c) if so, the details thereof; and

(d) whether unions of various banks have opposed the idea of outsourcing of banking system; if so, what are the points of differences between Government and the bank employees in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Pursuant to the announcement in the Budget Speech for 2005-06, Reserve Bank of India (RBI) had appointed an internal working group to examine the issues relating to engagement of Micro Finance Institutions (MFIs) and Civil Society Organisation (CSOs) for providing banking services to relatively under-banked and rural areas, based on the recommendations of the Group, RBI has issued guidelines on 25th January, 2006 to all scheduled commercial banks in this regard. Banks have been advised to use the services of Non-Governmental Organisations (NGOs), Self Help Groups (SHGs), Micro Finance Institutions (MFIs) and other CSOs as intermediaries in providing financial and banking services through the use of Business Facilitator and Correspondent models. The objective of the scheme is to help low income group population in the country, which has lesser or no access to banking services due to locational